GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Land allotments - APIIC - ***New Land Allotment Policy for Allotment of Lands for Industrial Units*** - Orders - Issued.

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.Ms.No.117 Dated:09.11.2023.

Read the following:

1. G.O.Ms.No.39, Ind. & Comm. (P&I) Dept., dt:10.08.2020 containing the Andhra Pradesh Industrial Development Policy 2020-23.
2. Land Allotment Regulations of APIIC-2020.
3. G.O.Ms.No.22, Ind. & Comm. (P&I) Dept., dt:19.03.2023 containing the Andhra Pradesh Industrial Development Policy 2023-27.
4. GO MS No.67, Ind. & Comm. (INFRA) Dept., dt:24.07.2023 of APIIC Allotment Regulations, 2023
5. Minutes of the State Investment Promotion Board meeting held on 30.10.2023.

ORDER:

In the G.O. 1st read above, Government have issued orders introducing the A. *P. Industrial Development Policy 2020-23 for extending Incentives for Micro, Small, Medium Enterprises, Large and Mega Industries including Special Package of incentives for entrepreneurs belonging Scheduled Caste /Scheduled Tribe /Backward Classes /Minority Communities and Other Common Initiatives. As per para-8.2 of the said G.O., it is stated that* "GoAP intends to de-risk the businesses by reducing their upfront costs. To this end, the current lease and buy models for allotment is replaced with a composite Lease cum Buy model. Land will be given on lease for a period of 33 years, with an option to buy the land after 10 years of successful business operations. The above mentioned lease and buy model shall also apply to pre-built factory shells for MSMEs as well".

2. In the reference 2nd read above, the APIIC has issued Land Allotment Regulations, 2020 and chapter-8 covers the payment scheme, explaining the various provisions for allotment of land upto 1 acre on 33 year lease basis, for allotment of land above 1 acre and the buyout option upon payment of premium & execution of lease deed and chapter-9 covers the process of allotment of land. *As per Clause no.8.3 (e), the*

(P.T.O.)

Allottee also has the option to extend the lease period from 33 years to 99 years, if the Allottee doesn't want to avail the buyout option after 10 years of successful operation from the DCP. The Allottee can extend the lease period as mentioned above without paying any additional amount, but the Allottee shall continue to pay the Annual Lease Rental as per clause 8.4(b).

3. In the G.O. 3rd read above, Government have issued orders introducing the A.P. Industrial Development Policy 2023-27 for extending Incentives for Micro, Small, Medium Enterprises, Large and Mega Industries including Special Package of incentives for entrepreneurs belonging Scheduled Caste /Scheduled Tribe /Backward Classes /Minority Communities and Other Common Initiatives. As per para-9/Part-I of the said G.O., it is stated that *"Industrial land will be allotted on lease basis for a period of 33/66 years. Allotee will be provided an option to buy out the land after 10 years of commercial production".*

4. In the G.O.4th read above, Government have approved the APIIC Allotment Regulations, 2023 and chapter-11 covers the land allotment procedure and chapter14 covers the payment and chapter-14.7 covers the Buyout option upon payment of premium. As per Clause no.11 of allotment regulations 2023, *allotment shall be offered on "as is where is basis" for a period of 33/66 years lease* and further, as per of allotment regulations 2023. The present Land Allotment Regulations, based on allotment of lands on lease basis for 33/99 years, has following three modes.

i. The Allottee has the option to extend the lease period from 33/66 years to 99 years, after 10 years of successful operation from date of issuance of DCP (Clause no.11.3).

(OR)

ii. Execution of sale deed after 10 years of successful operation from Date of commercial production (DCP) without any premium, if the project is implemented within the committed timelines (clause 14.7)

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(OR)

iii. Execution of sale deed after 10 years of successful operation from Date of commercial production (DCP) with a premium of 20% on allotment price if the project is not implemented within the committed timelines (clause 14.7).

5. In this regard, some of the Entrepreneurs who have been allotted lands under above Regulations, have brought to the notice that they couldn't obtain the loans from the Banks/ Financial Institutions/ NBFCs for their business development or expansion of their exiting industry based on the lease deeds executed by APIIC for allotment of lands. Hence, they are requested to allot the land on sale deed basis for getting the loans form the Banks/ Financial Institutions/ NBFCs so as to implement the projects as per the intended timelines.

6. In the reference 5th read above, the SIPB in its meeting held on 30.10.2023 has discussed the present land allotment policy to the industrial units in the State and deliberated towards retaining the leadership of the Andhra Pradesh in the Ease of Doing Business and facilitating the investors for quicker implementation of their projects in the States and subsequently arrived at the needs for review of the land allotment policy of Industrial purpose. After the deliberations on the present policy and based on the inputs received from the Industries, the SIPB has directed the Department of Industries and Commerce to review the present Policy of Land allotment, to change the existing 'lease basis model' to 'sale deed model', duly incorporating the necessary conditions to ensure that the land allocated for industrial purpose is used for the same and at the same time, the proposed 'sale deed model' should facilitate the obtaining of financial assistance from the financial institutions for implementing the industrial projects in the State. Accordingly, the proposal of new land allotment policy for allotment of lands for industrial units, duly reviewing the Allotment Regulations for allotment of lands for industrial units since 1998 to present date and after stakeholder consultations, has been submitted.

7. Government after careful examination of the proposal, hereby approved the ***New Land Allotment Policy for Allotment of Lands for Industrial Units*** is appended as Annexure to this G.O.

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8. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited, the Commissioner of Industries, A.P. and the Revenue Department, shall take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N. YUVARAJ
SECRETARY TO GOVERNMENT & CIP

To
The VC&MD, APIIC, APIIC Towers, IT Park, Mangalagiri, Guntur District, A.P. - 522 503.
The Commissioner of Industries, APIIC Towers, IT Park, Mangalagiri, Guntur District, A.P.
The Revenue Department, A.P. Secretariat, Velagapudi.

Copy to:

All the Collector & District Magistrates, A.P.
The General Administration (Cabinet) Department, A.P. Secretariat, Velagapudi. (W.r.t. the Council Resolution No.345/2023, dt.06.11.2023.)
The P.S. to Special Chief Secretary to C.M., A.P. Secretariat, Velagapudi.
The P.S. to Hon'ble Minister (III&C and IT), A.P. Secretariat, Velagapudi.
The P.S. to Chief Secretary to Government, A.P. Secretariat.
The P.S. to Secretary to Govt. & CIP., Ind. & Com. Dept, A.P. Secretariat.
SC/SF.

//FORWARDED BY: ORDER//

SECTION OFFICER

(G.O.Ms.No.117, Ind. & Com.(Infra) Dept., dt.09.11.2023.)

ANNEXURE

New Land Allotment Policy for Allotment of Lands for Industrial Units

To improve the Industrial ecosystem in the State, to make State more Investor friendly and to improve Ease of doing business and Cost of doing business in the State, following Land allotment procedure is being proposed.

This system will also ensure that by way of incorporating the necessary conditions to ensure that the land allocated for industrial purpose is used for the same and at the same time, the proposed 'sale deed model' will facilitate the obtaining of financial assistance from the financial institutions for implementing the industrial projects in the State.

A. **Micro and Small Enterprises (MSEs)**: The Land will be allotted on Sale basis to the MSE Industries as given below:

- ***'Sale Agreement'*** will be executed immediately after the receipt of the cost of the land duly incorporating the timelines of the project as per the DPR as evaluated and approved by the APIIC / CoI;

- ***Final Sale Deed*** will be executed after successful implementation of the Project.

B. **Medium, Large &Mega:** The Land will be allotted on Sale basis to the Medium, Large and Mega Industries and as this category involves execution of the projects in phases, following options are provided to the Industries**.**

- ***'Sale Agreement'*** for the entire lands (while the project is being executed in phases) will be executed immediately after the receipt of the cost of the land duly incorporating the timelines of the project as per the DPR as evaluated and approved by the APIIC / CoI for execution of the project proposal in phases;

- ***Final Sale Deed*** of the entire lands will be executed after successful implementation of the Project in all the phases.

- If entrepreneur prefers for the execution of sale deed of phase-wise lands, ***Final Sale Deed*** of the phase-wise lands will be executed after successful implementation of the Project in that respective phases, as per the DPR.

C. Further, in cases, where the lands are acquired and allotted / alienated through Revenue Department, besides the respective clauses of BSO and other statutory conditions, such allotments should also contain the project timelines as indicated in the DPR submitted by the firm and the provisions of processing of the requests of the firms for Extension of Time to complete the projects - on par with process followed in the APIIC. Besides the condition of monitoring of the land utilization by the Revenue Department, the monitoring of implementation of the Industries as committed by the firms, should be undertaken by Industries Department / APIIC under the supervision of the District Collector.

D. This policy will come into effect retrospectively from 01.04.2020.

N. YUVARAJ
SECRETARY TO GOVERNMENT & CIP